

Article - Tax - General

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§10–703.

(a) Except as provided in subsection (b) of this section, a resident may claim a credit against the income tax for a taxable year in the amount determined under subsection (c) of this section for State tax on income paid to another state for the year.

(b) A credit under subsection (a) of this section is not allowed to:

(1) a resident other than a fiduciary, if the laws of the other state allow the resident a credit for State income tax paid to this State;

(2) a resident fiduciary, if the fiduciary claims, and the other state allows, a credit for State income tax paid to this State;

(3) a resident for less than the full taxable year for tax on income that is paid to another state during residency in that state; or

(4) a nonresident.

(c) (1) Except as provided in paragraph (2) of this subsection and subject to subsection (d) of this section, the credit allowed a resident under subsection (a) of this section is the lesser of:

(i) the amount of allowable tax on income that the resident paid to another state; or

(ii) an amount that does not reduce the income tax to an amount less than would be payable if the income subjected to tax in the other state were disregarded.

(2) If the credit allowed a resident under subsection (a) of this section is based on tax that an S corporation pays to another state, the credit allowable to a shareholder:

(i) may not exceed that shareholder's pro rata share of the tax;

and

(ii) will be allowed for another state's income taxes or taxes based on income.

(d) (1) The amount of the credit allowed under subsection (a) of this section to be applied against the State income tax is equal to the amount that would be calculated under subsection (c) of this section using the State income tax rate as the only applicable rate.

(2) The amount of the credit allowed under subsection (a) of this section to be applied against the county income tax is equal to the amount calculated under subsection (c) of this section less the amount calculated under paragraph (1) of this subsection.

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